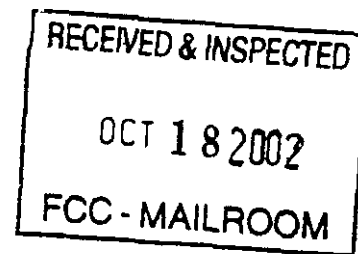




Appeal of Form 486 Notification Letter dated August 28, 2002

October 17, 2002



System Concepts, Inc.

Sent Via Federal Express and ECFSI

6585 N. Avondale
Chicago, IL 60631

Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Re:

CC Docket Nos. 02-6, 96-45 and 97-21

SLD Action Being Appealed:

Form **486** Notification Letter dated
8/28/02

T: 773.774.0756

Applicant Name:

Chicago Public Schools

Entity No.

135749

F: 773.467.1595

Form **471** Application No

263338

Funding Request No:

712607

Funding Year:

FY4 (July 1, 2001 — June 30, 2002)

Service Provider Name:

Systems Concepts, Inc.

SPIN No.:

143005419

Funding Commitment Amt:

\$ 3,882,418.22

WBE Certified

Funding Commitment
Reduced to:

\$ 970,604.55

Contact for this Appeal:

Cynthia Nielsen-Morgan
President and C.E.O
Systems Concepts, Inc.
773-774-0756

No. of Copies rec'd 0
List ABOVE

To Whom It May Concern:

Pursuant to Form 486 Instructions dated July, 2001 regarding filing deadline requirements for Funding Year 4, Systems Concepts, Inc. respectfully requests that the funding reduction that was made in the amount of \$2,911,813.67 be restored to the full funding commitment amount of \$3,882,418.22 awarded to Chicago Public Schools in a Funding Commitment Decision Letter dated February 8, 2002.

The above-referenced funding commitment for internal connections was issued by the Schools and Libraries Division on February 8, 2002. The Form 486 Instructions for "When to File" a Form 486, "Receipt of Service Confirmation Form" state on page 7, Item (2)(b) that "If your services start after October 28, 2001, your Form 486 must be postmarked no later than 120 days after the Service Start Date or 120 days after the date of the Funding Commitment Decision Letter, whichever is later, in order for discounts to be paid retroactively to the Service Start Date." This filing requirement is further explained in an example (Situation # 4, Funding Year 4) provided on page 10 of the Form 486 Instructions. "The Billed Entity must complete Form 486, including the certification(s) in Item (11), and postmark the Form 486 no later than 120 days after the Service Start Date featured on Form 486."

The Service Start Date indicated on the Form 486 was August 1, 2002. Since the Service Start Date on the Form 486 (August 1, 2002) was later than the Funding Commitment Decision Letter date (February 8, 2002), it is our understanding from the instructions cited above that the Form 486 was required to be postmarked no later than 120 days after the Service Start Date. The Form 486 was postmarked on August 7, 2002—just 6 calendar days after the Service Start Date thereby meeting the filing deadline requirements for the Form 486.

However, although the Form 486 had been timely filed, when we received the Form 486 Notification letter dated August 28, 2002, the funding commitment had been reduced from \$3,882,418.22 to \$970,604.55. The commitment synopsis indicated that the Service Start date had been changed from 8/1/02 (as indicated on the Form 486) to 4/9/02. We believe that these funds were incorrectly reduced and are asking that they be restored in order for System Concepts, Inc. to complete the installation of the internal connections project awarded to Chicago Public Schools. It appears as though the consequence of not submitting the Form 486 within 120 days of the service start date (see Form 486 Instructions, Situation # 4, paragraph 3) was incorrectly applied by SLD given that Chicago Public Schools did, indeed, meet the timeline requirement for filing Form 486.

As the service provider for this FRN for Chicago Public Schools, we were unable to move forward with this installation for Chicago Public Schools until they received their Funding Commitment Decision Letter. That letter was dated on February 8, 2002, almost seven months after the start of Funding Year 4. Although the funding commitment was not received until very late in the Funding Year, our company moved forward in good faith to provide the installation of the project that had been approved by the SLD. When we received the Form 486 Notification Letter dated August 28, 2002 regarding the reduction in funds, we immediately ceased work on the project and informed our suppliers not to further manufacture or ship products. As you can imagine, we have a great deal of time and financial resources invested in this multi-million dollar project. Having to cease installation of this project after the August 28 funding reduction notification has caused us a great deal of financial hardship not to mention the inability to complete the project for Chicago Public Schools.

In discussing this dilemma with Chicago Public Schools, we first made sure that the filing requirements for the Form 486 had been met (see above). During those discussions, however, it has come to our attention that the Form 471 was incorrectly completed to identify the services requested as "recurring" services rather than as "non-recurring services." The required Item 21 "Description of Services" attachment to the Form 471, however, clearly indicates a one-time total annual cost for providing the video distribution system as a non-recurring service. A copy of the Form 471, Item 21 Attachment is enclosed for your review.

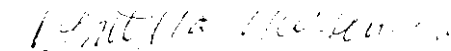
The fact that the funding request (Form 471) was submitted to the SLD as something other than the way in which System Concepts, Inc. presented the bid in response to Chicago Public Schools bid request was not apparent to us in any of the information we received from the SLD. Neither the Receipt Acknowledgement Letter nor the Funding Commitment Decision Letter contains information that would have allowed us as the service provider to identify and rectify this error. Our bid, in response to Chicago Public School's request, was for the one-time installation of a video distribution system, not for a recurring service, and we moved forward in good faith to provide that system. Furthermore, a Form 500 was filed to extend the contract expiration date from June 30, 2002 to September 30, 2002 so that the additional time during the summer months could be used to install the project. The Form 500 Notification letter from the SLD dated May 8, 2002, acknowledges the adjustment of the contract expiration date to September 30, 2002 to cover the implementation period for non-recurring services, showing that the SLD clearly understood that the service being provided was a non-recurring service. Had this FRN been for a recurring service, a funding request would have been required in Funding Year 5 rather than seeking a Form 500 contract extension for Funding Year 4.

In summary, we believe that the initial error in completing Form 471, Items 23 (a) through (e) rather than (f) through (h) may have led to the reduction of funds since the 8/1/02 service start date on the Form 486 may have been seen by the SLD as outside the implementation period for the funding year. We would ask the FCC, however, to consider the supporting Item 21 documentation that was submitted with the Form 471 and the Form 500 contract expiration extension approval, both of which correctly support the provision of a "non-recurring" service, and to restore the full amount of the original funding commitment necessary for the completion of the project.

Given that the funding commitment was not made until 7 months after the start of the funding year and that the funding reduction was not made until fourteen months after the beginning of the funding year, we are requesting that the FCC consider the significant hardship that this causes both our company and the Chicago Public Schools. We request that the funds that were originally awarded to Chicago Public Schools for this video distribution system be restored so that System Concepts, Inc. can complete this project. We believe that doing so best serves the public interest and is consistent with the intent of the E-rate program.

We appreciate your consideration of our request.

Respectfully,



Cynthia Nielsen-Morgan
President and C.E.O

Enclosure

ITEM 21 - DESCRIPTION OF SERVICES

CHICAGO PUBLIC SCHOOLS

CONTRACT SUMMARY: VIDEO CONFERENCING DISTANCE LEARNING

QTY	Ten Room Description (expandable to 23 rooms)	Unit Cost	Extended
1	24X24 Wideband Matrix Switch	9,637.60	\$9,637.60
1	X-Y Routing Switch Controller	1,155.00	\$1,155.00
1	Control for local head-end source equipment	1,800.00	\$1,800.00
1	Pathway IP Server Suite (Command Center, Control Router, Scheduler, Reports)	3,920.00	\$3,920.00
1	Cables Connectors	2,500.00	\$2,500.00
3	A/V Multiplexer, 6.5/6.8Mhz Audio	470.40	\$1,411.20
6	Interface Addressable IR, W / Mux 6.5 Mhz	819.00	\$4,914.00
1	Power Supply	299.60	\$299.60
5	Twisted Pair Transmitters 6.5 / 6.8Mhz (Dual)	308.00	\$1,540.00
1	Frame 14 Card Slot with Power Supply	1,117.20	\$1,117.20
1	Coax Receiver	364.00	\$364.00
1	Twisted Pair Remux (Return Origination)	385.00	\$385.00
1	Twisted Pair Transmux (Return Origination)	714.00	\$714.00
1	Hand held IR Source Controller Programmer	294.00	\$294.00
2	Rack Mounted Power Strips (14 Outlet Strips)	84.00	\$168.00
3	3U Shelves Vented	43.58	\$130.74
6	IU Blanks	5.60	\$33.60
5	Blanks 5U's	14.00	\$70.00
2	Equipment Rack Tops Vented	31.15	\$62.30
2	Equipment Rack Side Panels (Pair)	278.60	\$557.20
2	Black Equipment Racks	608.30	\$1,216.60
2	APC Smart-UPS 3000 RM3	1,434.30	\$2,868.60
1	WinRemote32 User Software or MACRemote 32	2,310.00	\$2,310.00
10	Twisted Pair Receiver 6.5 & 6.8 Mhz Case Power Supply	483.00	\$4,830.00
1	Headend Monitor *	132.30	\$132.30
1	DVD player *	209.30	\$209.30
5	VCR	174.30	\$871.50
10	TV - 27" *	300.30	\$3,003.00
10	TV Mounts *	140.70	\$1,407.00
	EQUIPMENT SUBTOTAL		\$47,921.74
1	Labor	24,525.00	\$24,525.00
1	Training	3,200.00	\$3,200.00
1	Shipping	945.16	\$945.16
	ADDITIONAL COST		\$28,670.16
	ELIGIBLE COST PER SCHOOL		\$70,968.80
	INELIGIBLE COST PER SCHOOL		\$5,623.10
	TOTAL COST PER SCHOOL		\$76,591.90
	66 Schools (10 rooms per school) are projected for this service		
	Annual Eligible Cost		\$4,683,940.80
	Annual Ineligible Cost		\$371,124.60
	TOTAL ANNUAL COST OF SERVICE		\$5,055,065.40

Note: No. 110 VAC wiring, boxes or raceway are included in this quote

* Indicates Eligible Items